

Youth Unemployment: What Can the Flow Data Tell Us?

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Abstract

This thesis deals with the dynamics of the Czech labour market, with special emphasis on the youth. The calculations of gross labour market flows and flow transition rates deliver evidence on higher youth labour market dynamics compared to prime-age labour market.

The thesis then analyses the driving forces of unemployment rate fluctuations. It explores the concept of steady-state unemployment rate and then focuses on decomposition of fluctuations in the steady-state unemployment rate. In the Czech Republic, the results at the aggregate level suggest that changes in unemployment inflow contribute with considerably higher share to the fluctuations in steady-state unemployment rate than changes in unemployment outflow. In case of the youth steady-state unemployment rate, changes in unemployment inflow account for an even higher share of fluctuations in the steady-state unemployment rate.